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# County of Los Angeles COMMUNITY AND SENIOR SERVICES

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*Enriching Lives Through Effective and Caring Service*

Cynthia D. Banks  
Director

Otto Solorzano  
Chief Deputy

August 8, 2014

**To:** Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

**From:** Cynthia D. Banks, Director 

**Subject: REPORTING BACK ON AGENDA ITEM #25 FROM THE JUNE 17, 2014 BOARD AGENDA CONCERNING HUMAN SERVICES CONSORTIUM OF THE EAST SAN GABRIEL VALLEY DBA LA WORKS**

On June 17, 2014, your Board asked CSS to report back on the placement of the Human Services Consortium of the East San Gabriel Valley, dba LA Works, on the County's Contractor Alert Reporting Database (CARD). The Board CARD policy issued on April 27, 2010, mandates that poor performing contractors be placed on CARD in order to alert County departments of poorly performing contractors. A contractor must be placed on CARD when a contractor has significant programmatic, fiscal and/or administrative issues that resulted in non-compliance with contract terms.

Based on documented findings by the Auditor-Controller regarding LA Works' performance as detailed below, CSS has determined that LA Works has met the criteria for placement on CARD and has started the process to place LA Works on CARD utilizing the instructions, criteria, and guidelines in the CARD Manual.

LA Works is an agency that provides Workforce Investment Act (WIA) employment services in the East San Gabriel Valley area. The Auditor-Controller reviewed the On-The-Job Training (OJT) services provided by LA Works and identified significant programmatic and administrative issues that resulted in a finding that LA Works overbilled the County \$858,336 in unallowable costs. Due to this finding, CSS suspended LA Works' contract discontinuing its OJT services and your Board

terminated LA Works' WIA Youth Services contract and participation as a Master Agreement contractor.

CSS will continue the separate sequential resolution processes required by the CARD Manual and CSS' Resolution Directive that incorporates WIA requirements. LA Works will be notified of the areas requiring resolution and will have opportunities to respond within set time lines. Completion of all the notification and resolution processes is anticipated to occur by September 30, 2014; and if there is no resolution at that time, then LA Works will be placed on CARD.

As substantiated by the Auditor-Controller, the underlying causes include the assessment of overpayments to LA Works due to unallowable costs that resulted in a debt owed to the County, LA Works' non-compliance with the County's contract requirements that caused the associated costs to be unallowable, and imposition of the contractual remedy that suspended LA Works' performance of OJT services. The agency has agreed that it owes the County the substantial sum of \$858,336 for unallowable costs that were overbilled and does not dispute the Auditor-Controller's findings that detailed the significant administrative and programmatic issues that caused the overbilling. Furthermore, the agency has not entered into a repayment agreement or agreed to pay the County this sum. The collection of this debt will be referred to the Treasurer and Tax Collector.

On July 23, 2014, my staff met with the Interim Executive Director of LA Works, Mr. Tom Mauk, to advise him of our intent to place his agency on CARD and to explain the established process to resolve CARD-related issues. Mr. Mauk stated that he understood the process and would get back to us if LA Works had further information to submit in the future. We have not received any further communication from LA Works on this matter.

If LA Works addresses, to the County's satisfaction, the non-compliance issues reflected in the CARD system, we will update CARD to reflect the resolution of the issue and notify your Board.

Should you have questions or require clarification, please let me know.

CDB:OS  
PG:cd

c: Chief Executive Officer  
Executive Officer, Board of Supervisors  
Auditor-Controller  
County Counsel